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Message Text

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44
ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 STR-08 OMB-01

CIEP-02 CEA-02 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 NIC-01 SAJ-01 OPIC-12 XMB-07

EUR-25 DRC-01 /202 W
---------- 051334
R 2113002Z NOV 73
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 4387
INFO USCINCSO

C O N F I D E N T I A L BUENOS AIRES 8510

E.O. 11652: GDS
TAGS: ECON, ETRD, ESTC, AR, CU, US
SUBJECT: TRADE WITH CUBA BY US FIRMS IN ARGENTINA

REF: BA-7963

1. SUMMARY. GENERAL MOTORS ARGENTINA MADE HIGHLY QUALIFIED INDICATION TO CUBAN PURCHASING MISSION ABOUT NOVEMBER 7 THAT IT WOULD BE WILLING TO CONSIDER REQUESTS FOR AUTOMOBILES MADE IN ARGENTINA. GOA OFFICIALS QUICKLY LEARNED OF THIS DEVELOPMENT, AND DURING PAST TWO WEEKS IT APPEARED THAT GOA PRESSURE ON US FIRMS WAS EASING. FIVE US FIRMS CALLED TO MINISTRY OF ECONOMY NOVEMBER 19 TO DISCUSS THEIR WILLINGNESS TO TRADE WITH CUBA. MINECON OFFICIAL RENEWED PRESSURES BUT NOT IN HEAVY FASHION; NO THREATS.

2. FLURRY OF INDICATIONS, INCLUDING SHARP AND HARSH STATEMENTS BY GOA OFFICIALS AT END OF OCTOBER, THAT GOA PLANNING CRACKDOWN ON US SUBSIDIARY FIRMS IN ARGENTINA FOR REFUSAL TO COOPERATE WITH CUBAN PURCHASING MISSION SUBSIDED IN EARLY NOVEMBER WHEN SOME FIRMS, LED BY GM, MADE MOVES TO INDICATE SOME READINESS
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TO MEET GOA DESIRES RE CUBAN TRADE. GM OF ARGENTINA GAVE
CUBAN PURCHASING MISSION HIGHLY QUALIFIED PLACATORY LETTER
INDICATING SOME WILLINGNESS TO CONSIDER CUBAN REQUEST WITHOUT
QUOTING FIRM PRICES AND WITHOUT PROMISE DELIVERY BEFORE
LATE 1974. NEWS OF GM OFFER TO CUBANS WAS QUICKLY RELAYED TO
GOA OFFICIALS AND DURING TWO-WEEK PERIOD ENDING NOVEMBER 19,
EMBASSY
RECEIVED NO REPORTS OF INCREASING PRESSURE ON US SUBSIDIARY
FIRMS.

3. ON NOVEMBER 19, GM, FORD, GOODYEAR, FIRESTONE
AND JOHN DEERE EXECUTIVES IN ARGENTINA WERE CALLED TO
MINISTRY OF ECONOMY FOR JOINT MEETING CHAIRED BY
UNDER SECRETARY. EACH FIRM WAS ASKED WHAT IT HAD DONE TO
PROMOTE EXPORTS TO CUBA UNDER AUGUST CREDIT DEAL WITH CUBA. GOOD-
YEAR AND FIRESTONE WERE ABLE TO REPORT THEY HAD NOT RECEIVED
REQUEST FOR SALES NOR TO BID. GM REPORTED IT HAD INDICATED TO
CUBA ITS WILLINGNESS TO CONSIDER POSSIBLE FUTURE SALE. FORD
AND JOHN DEERE INDICATED THEY HAD RECEIVED CUBAN REQUESTS BUT
COULD NOT BE RESPONSIVE BECAUSE THEIR PRODUCTION, WELL INTO 1974,
WAS COMMITTED TO ARGENTINE DEALERS AND PREVIOUS EXPORT
COMMITMENTS.
UNDER SECRETARY TOOK NOTE OF RESPONSES AND, AS WE HAVE STORY,
ASKED JOHN DEERE TO PROVIDE MEMO IN 48 HOURS EXPLAINING IN DETAIL
ITS INABILITY PROGRAM SOME PRODUCTION FOR CUBANS. US FIRMS
ANTICIPATE MINISTRY WILL STUDY SITUATION AND THEN INCREASE PRESSURE
ON SELECTIVE BASIS.

4. MORNING DAILY, "LA OPINION", ON NOVEMBER 20 REPORTED MEETING
AT MINISTRY OF ECONOMY INDICATING US FIRMS HAD PREVIOUSLY TOLD
GOA THAT USG REGULATIONS PROHIBITED TRADE WITH CUBA BUT THAT
THEY EXPECTED THESE RULES SOON WOULD BE CHANGED. NEWS ITEM
ALSO REPORTED US FIRMS IN ARGENTINA PROMISED TO OFFER THEIR
PRODUCTS UNDER CUBAN CREDIT.

5. WE HAVE CHECKED WITH EXECUTIVES OF SEVERAL OF FIRMS MENTIONED.
THEY DENY THAT STATEMENTS CONTAINED IN PRESS ITEM REFLECT MEETING
WITH UNDER SECRETARY. THEIR VERSION GIVEN PARA 3 ABOVE.

6. DURING LAST THREE DAYS, EMBASSY HAS BEEN APPROACHED BY SINGER
COMPANY WHICH REPORTS PRESSURE FROM CUBANS TO BID ON ITS PRODUCTS,
AND, IN ADDITION, WE HAVE BEEN VISITED BY LAWYERS REPRESENTING US
FIRMS NOW RENEWING TECHNICAL ASSISTANCE AGREEMENTS WITH SEVERAL
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ARGENTINE FIRMS WHO ARE HAVING DIFFICULTY BECAUSE OF CONFLICTS BE-
TWEEN THEIR AGREEMENTS AND ARGENTINE DRIVE TO EXPORT TO CUBA.
LAWYERS OF ARGENTINE FIRMS ARE ASKING US FIRMS TO DROP FROM TEHC-
NICAL ASSISTANCE CONTRACTS A STANDARD CLAUSE WHICH STATES "EACH OF

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PARTIES (TO CONTRACT) AGREES TO OBSERVE EXPORT CONTROL REGULATIONS
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OF ARGENTINE FIRMS STATE THEY CANNOT HOPE TO SECURE APPROVAL FOR
SUCH TECHNICAL ASSISTANCE CONTRACTS IN GOA (REGISTRATION AND
APPROVAL
ARE REQUIRED) BECAUSE GOA WILL NOT PERMIT SUCH AGREEMENTS TO
LIMIT RIGHTS OF ARGENTINE FIRMS OR FIRMS ORGANIZED IN ARGENTINE
TO EXPORT WHERE THEY WISH.

7. EMBASSY WILL REPORT OTHER DEVELOPMENTS AS THEY OCCUR.
KREBS

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NNN

*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: <CONCATENATED>
Draft Date: 21 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
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Line Count: 260
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Page Count: 5
Previous Channel Indicators:
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Previous Handling Restrictions: n/a
Reference: BUENOS AIRES 7963
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 16 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Jan-2002 by shawdg>; APPROVED <07 MAR 2002 by collinp0>
Review Markings:

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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980313; srp 980313
Subject: TRADE WITH CUBA BY US FIRMS IN ARGENTINA
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Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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